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THE WORLD ENTREPÔT

One commercial center can at times distribute a certain product or products to all the peoples of western civilization and for those products, at least, becomes a world entrepôt. The conditions under which this can happen are unusual and are passing away, and the commodities that lend themselves to this method of distribution must have special qualifications. The strongest of these qualifications is that the goods shall have high value and small bulk. For goods of high value the freight rate is relatively insignificant and the long and devious journeys are not a serious handicap. As they have small bulk there is not the demand for a whole shipload of them in any one place, and so it is really cheaper to let them wend their way by transshipments through the common center or entrepôt.

A third factor of influence is the question of distance. The more remote the origins and destinations of the traffic, the stronger is the hold upon this trade of the entrepôt with its organization of routes. The trade that best answers to this description and is therefore best fitted to be handled through an entrepôt is that from the Orient to the western world. For many centuries it has comprised articles of small bulk and high value—spices, drugs, silks, curios, and tea. These were articles consumed everywhere among the western peoples, but always in small quantities. It was commercial economy that these products should be distributed among occidental countries from some western entrepôt. The city best fitted to render this distributing

service was the one with the most varied industry and resulting local commerce, with its accessory network of vessel connections. The passing of this trade from route to route and from center to center affords an interesting study of commerce as affected by politics, discovery, invention, geographic control, and resulting economic conditions.

During the ordered period of the Roman Empire this unimpeded commerce was divided among many cities. After the fall of the Empire in the West, Constantinople, the seat of the strongest European power, became the richest commercial city of Europe and one of the important gateways to the East. Since the decline of the Byzantine Empire some one city has controlled a large share or even a monopoly of the valuable commerce that passed between eastern Asia and western Europe, and this city has been an object of envy for the trading world. Venice was the first of the series. The products of the Orient were brought over the caravan route through Persia, Syria, and Arabia to the ports of the eastern Mediterranean, whence they were carried by ships to the western Mediterranean. The foremost powers upon this sea were the city republics of Italy. These republics strove among themselves for the eastern trade. They were after monopoly, and the fleets of Venice triumphed. Her economic conditions had given her the best fleets and the widest commercial connections, for the city on the tiny islets had been compelled for centuries to carry in ships every article of food and raw material used by her population. Europe was compelled to purchase silks, spices, perfumes, and other oriental products from the Venetians. In the days of her monopoly the Mediterranean peoples dealt directly with her and regular convoys of precious goods were sent across the Alps and down the Rhine to supply the northern countries. Another part of this northern trade went by the sea routes through the Straits of Gibraltar, but by land or sea the destination of the eastern cargo was the same—the Netherlands. Here was the greatest center of population, industry, wealth, commerce, and shipping connections north of the Mediterranean. For four centuries Bruges had been the metropolis of the Low

Countries, lying securely on the canals that connected the Rhine with the ocean. By 1488 the silting up of her harbor and the increasing size of ships rendered the port no longer accessible, and in that year many of her merchants emigrated to Antwerp on the more open Schelde.

The ships of Venice could ride unchallenged on the Mediterranean and carry back in triumph the pillars of cathedrals from Constantinople and eastern products if they could be got at any port upon the Levantine seas, but Venice could do nothing with the conquering hordes of Turkish horsemen who overran western Asia and interfered with the caravan route to India. About the same time Vasco de Gama discovered the sea route to India, and in 1499 the first merchant ships that rounded the Cape of Good Hope brought Indian cargo to Lisbon. It is said that the news of the discovery of the new route caused stocks upon the Venetian exchange to decline in a day to one-half their former value.

Lisbon quickly succeeded Venice as the European entrepôt for oriental products. The Portuguese government monopolized the spice trade, and the profits were 400 per cent. Lisbon, however, lacked the requirements necessary for a commercial metropolis. She was not the natural center of a network of local routes that had arisen as servitors of her industries. She had no local industries worth mentioning, and as to commerce, she had at best been but the emporium for the comparatively small trade of the Azores, the Canaries, and West Africa. While she had been the head station in the sea trade between Venice and the Netherlands, it was but a ship-provisioning place. Hence the Portuguese spice importers provided for the distribution of their Indian goods by establishing factories in Antwerp, which city had recently succeeded Bruges as the metropolis of the Rhine delta. While this Lisbon agency business continued, the Flemish manufacturing towns continued to increase in industry and the Flemish metropolis became a market for English wool; for skins, flax, grain, and wood from the Baltic countries; for metals, hardware, glass, and dyes from Germany: for Rhenish and French wines; for Italian brocades; for Spanish fruits; for

the products of the Levant, as well as spices from Lisbon. By 1550 Antwerp was the metropolis of Europe, and 2,500 ships lay in her harbor.

It appears that in the beginning Antwerp prospered above the other Netherlands cities because foreigners were free to come and trade at all times, while at other cities they were under restrictions most of the year. At that period it was customary for the leading cities to have annual fairs, when traveling merchants traded on equal footing with the resident burghers. At all other times the foreigner must deal through a local broker. Antwerp was at all times a free trading city and thither the merchants of Bruges emigrated and the traveling traders from all Europe congregated; and the city prospered till the sieges of the Spaniards closed it for a time and the final subjugation by Spain in 1585 drove away all who would not subscribe to the Catholic faith. In one year 19,000 people, including the leading merchants, emigrated, most of them to Amsterdam, for the Netherlands were still the industrial center of gravity of Europe, the Netherlanders the greatest traders, and Amsterdam became the new entrepôt for the distribution of oriental cargoes. In the next ten years—1585–95—Amsterdam nearly doubled in size. The Dutch provinces, being still at war with the now united kingdom of Spain and Portugal, could not import East Indian products from Lisbon. Accordingly, companies were formed for eastern trade, and in 1595 the first expedition brought the products of the Indies direct to Holland. This circumnavigation of Portugal ended her ninety-six years of monopoly of the shipway to the Indies. In the first decade of the seventeenth century, the triumphant Dutch navy conquered the colonial empire of Portugal, and the Dutch East India Company practically monopolized the trade between the Cape of Good Hope and the Straits of Magellan. The merchants of Holland controlled the trade of the Rhine Valley up to Basel, and the old Hanseatic posts had in most cases become their agencies. By 1645 the Dutch fleets had a practical monopoly of the North Sea fisheries, they were doing most of the carrying trade of Europe, and during the English civil war

they even carried the commerce between England and her colonies. In Colbert's time it was estimated that there were 20,000 merchant vessels in Europe, and of these the Hollanders owned from 15,000 to 16,000. Amsterdam became not only the commercial but also the financial capital of Europe and of the world.

The prosperity of Holland brought her into conflict with the rising powers of England and France. In the latter half of the seventeenth century a series of wars with these countries severely taxed her resources. Oliver Cromwell's Navigation Act of 1651 was a direct and severe blow at the Dutch carrying trade, as well as a direct admission that the English could not compete with the Dutch on even terms. By these new regulations only English vessels could engage in the English coasting trade or in the trade with the English colonies. Foreign goods must come to England in the ships of the country producing them or in English ships, and they must come direct, i.e., German or Indian goods could not come via Amsterdam. Further than this, fish that came into English ports must have been caught by English ships. These stringent regulations served to free England from her dependence upon Dutch vessels, and gradually built up an English marine, but England's position of independence was not exchanged for that of international distributer until her industries made her the greatest exporting and importing nation. For half a century after the Navigation Act was in force Amsterdam was more important than London, and she was a strong rival for another fifty years. The Netherlands were the leaders in the textile industries and a potent force in European commerce so long as the system of household labor and hand power prevailed. The age of machinery dawned in England, and with its development came English supremacy. Holland had hands and windmills for driving looms, but England had waterwheels and steam.

England, free from the wars and disturbances of the continent, had become a refuge for many exiled weavers, and the efficiency of labor was increased by the use of water power. Coal was used in the smelting of iron, and the abundance of these minerals, the bases of manufacturing industry, enabled

England to develop machinery, use steam, and lead the world in industry. The continuous and destructive wars of the Napoleonic period kept the industries of the entire continent at a standstill, while those of England were undisturbed and rapidly increasing. English commerce and English riches made unprecedented gains because all parties in the continental conflict were compelled to buy English goods. The maritime independence due to the Navigation Acts became naval supremacy through the wars of the later eighteenth century and the victories of Nelson. At the beginning of the nineteenth century England had most of the eastern colonies that had belonged to Portugal, Holland, and France, and the British East India Company had practically succeeded the Dutch East India Company as the conveyors of oriental produce. On the basis of the best supplies of coal and iron then available, England had, in a century and a half of undisturbed internal peace, become the country with the greatest industry and the greatest commerce. She had as a result the best commercial connections and had succeeded Holland as the greatest international carrier. In this period she called herself the workshop of the world. London was its metropolis, its greatest trade center, and the distributer of the products of Asia. The star of Amsterdam had set.

But the importance of this intermediary or entrepôt trade must not be overestimated, for it has always been subsidiary to the commerce that is essentially British in its origin or destination. This was true of London in 1865 when she was the undisputed world metropolis and it is true in greater degree in the present when her supremacy is passing away.

The era of the world distributer has been for centuries on the wane in a relative sense, but now it is rapidly disappearing. The later entrepôts have had a less binding grip upon the trade than their predecessors held. Amsterdam's monopoly was less complete than that of Venice. The predominance of London was never as complete as that of Amsterdam, and London will not even have any single successor unless some unforeseen factors reverse the commercial tendencies of the present.

Two reasons will largely explain the passing of the world entrepôt: first, the tremendous increase in the bulk of world commerce; the second grows out of the first and is the multiplication of steamship and railway lines which enables many cities to serve as entrepôts for limited areas.

The great inventions of the present era have made labor several times more productive than it was a century ago. The materials of commerce have increased many fold. The betterment of land and river transportation has made the delivery of this freight at the seaports possible, and the modern ocean steamship has equally facilitated the carriage from port to port, from continent to continent. These changes have permitted a rapid increase in population in commercial countries and have brought about the settlement of new continents.

The wildernesses of North and South America, of Australia and Africa have become civilized lands having wide commercial relations. Where an occasional trading ship loaded with valuables and trinkets made a bartering cruise in 1800, fleets of steamers assembled in 1900 to carry away the coarser bulky staples of international trade, and in the first decade of the twentieth century the progress in this direction has been more rapid than ever.

This new intercontinental trade has reached such great proportions that it would be physically impossible for one port to distribute it. The converse of this is also true. Cities and countries remote from London have such demand for the now bulkier eastern goods that they can import them directly in shiploads. This fact alone has caused decentralization of trade, and has caused London to be (proportionally) so much less a center of the world's trade than was Venice in 1450, Antwerp in 1550, Amsterdam in 1650, or London herself in 1850. But nevertheless England, especially London, had a strong hold during the greater part of the nineteenth century. She was the first country to develop a good network of ocean lines after the peace of 1815. Lines went to the Continent, to the United States, and from the days of the old British East India Company there had been frequent connection with the East Indies. With this equip-

ment of commercial routes the leadership of England and the entrepôt traffic of London was most natural.

When Germany, Denmark, France, Belgium, or the United States wanted small shipments of Indian or oriental goods, it was convenient and financially advantageous to get these goods in England because Germany, Denmark, France, Belgium, and the United States had regular and frequent connections with England and England had connections with India. In reverse manner, when America and Germany exported small quantities of goods to the East, the cheapest way to send them was often by the English vessels. When forty or fifty cargo ships passed annually between eastern Asia and the western world, London was the great distributer of eastern produce and place of supply for eastern imports of western goods. There are now probably hundreds of ships trading in the place of the previous tens, and each ship is much larger. London is still the leader, and richer than ever, but other cities are also distributing the products of the East. As soon as a city has a local trade large enough to dispose of shiploads rather than small shipments of eastern produce, there is an end to the advantage of trading through the intermediate port, and direct connections are likely to be established. Half a dozen British ports have direct lines to the East. German lines go from Hamburg and Bremen, the French lines from Havre and Marseilles, and the Austrian from Trieste. There are frequent and regular eastern sailings from Antwerp, Genoa, and once a month from Copenhagen. New York also has regular connection with the Orient, Australia, Cape of Good Hope, the coast of South America, the ports of the Mediterranean and the Baltic.

The increase of direct connections and the growing complexity of the international trade route net is a pronounced and characteristic tendency of the later decades of the nineteenth century and of the present. England retains her position of independence, but other countries are advancing toward a similar independence.

As England between 1750 and 1850 established the factory system, built up industrial cities, a foreign trade, and lines of

communication, so between 1850 and 1900 have the continental countries and the United States experienced the same industrial revolution and the accompanying growth of cities and of industries. The last and inevitable step in the chain of events has been the establishment of direct communications between the Orient and other ends of the earth to give an outlet and supply for these new-grown centers of industry. There is a consequent tendency for each country to raise up its own entrepôt. As soon as an indirect trade becomes important and regular, it is taken over by a direct line established for that purpose. Hamburg has, in large degree, succeeded London and Liverpool as the basis of foreign goods supply for Scandinavia and the Baltic, but almost before Hamburg is secure in her new trade possession, lines of steamers are beginning to carry the products of America and the Orient direct to Stockholm, to Copenhagen, and the Russian ports. This trade is new and as yet unimportant, but it shows the tendency. Lines from the United States to Genoa have practically displaced trade via Liverpool, and the more recently established New York line to Constantinople and the Levant is cutting off the trade to the United States via Genoa and Marseilles. An examination of port connections the world over will show the same conditions of decentralization and growing freedom from a few great ports that has taken place in Great Britain and the continent of Europe. Two examples will suffice to show the tendency.

The increasing trade of the ports of North China adjacent to the Gulf of Pecheelee makes it profitable for occasional vessels to take cargo direct from America and Europe to the ports of Tientsin, Niuchwang, and Talienwan. A short time ago nearly all of the trade of East Asia was first laid down at the great entrepôts of Hong Kong, Shanghai, and Yokohama for final distribution in small craft. As commercial development on this north coast continues and satisfactory harbors are made, there is less and less dependence upon these entrepôts and more direct connection with the remote bases of supply at San Francisco, Seattle, London, Liverpool, Hamburg, and Marseilles.

Another example of this world tendency comes from Australia. For many years the sparse population of West Australia has secured the greater part of its European and American goods by the coasting steamers that come from Sydney and Melbourne. Since 1898 the rich gold discoveries have so increased the population and trade that the West Coast now receives direct European steamers and is in large measure freed from its dependence upon the East Coast cities as bases of supply for European goods.

The reader must keep in mind that decentralization does not necessarily destroy the old trade center. The statements concerning declining importance are relative, applying to percentages of rapidly growing wholes, and not in any way to absolute quantities. Commerce is increasing with unprecedented rapidity, and the new developments, the new trade routes, are made by and for the new commerce. Meanwhile, it is usually true that the particular trade that inevitably belongs to the old center has also increased and with it the city's prosperity. It is still a distributing center, but for a small territory with increased commercial activity. Antwerp now ranks fifth or sixth among the world's commercial cities, being little more than one of the two chief outlets for the Rhine Valley. But she is about five times as large as when she was the world's metropolis, is rapidly outgrowing her new walls, and has under construction harbor extensions that would shelter all the ships and handle all the traffic of her palmy world-entrepôt days. London's distributing trade has suffered from the competition of Hamburg, Bremen, Marseilles, the revived Antwerp, of New York, and other cities, but London has millions more people than she had in 1856 when the first Hamburg transoceanic steamship line was established. New York handles a smaller and smaller percentage of the foreign trade of the United States, but as other American cities increase their imports and exports, New York's foreign trade reaches a total greater than that of any other city in the world.

The question of international distributing centers is not alone affected by routes of transportation and the establishment of

direct connections. The uniformity or lack of uniformity in the quality of commodities does much to decide whether they shall go direct at the first opportunity, or continue to go by way of some great center. In general, it may be said that commodities that can be accurately graded and sold by grade, can be and are sent directly to their destination, while commodities that cannot be accurately described but must be inspected before purchase are often bought and sold at some convenient intermediate point which comes to be recognized as a "market" for a certain commodity or commodities.

Wheat is an example of the gradable commodities. A buyer is certain what he will get when he buys No. 1 or No. 2 of a certain kind of wheat, graded in a certain market. Accordingly, ships load in California, Argentine, or the Atlantic Coast of the United States or Canada and start toward Europe. The cargo is sold by telegraph, and the captain of the ship learns his destination by signals as he passes the Madeira Islands, or some point on the English or Irish coasts.

Such transactions are impossible with the ungradable articles, of which wool, tea, and ivory may be taken as examples. The value of these commodities is affected by so many conditions that they must be examined before being purchased. The sheep's fleece is often cut into five or six pieces at the shearing table and the wool bale of commerce contains only one of these kinds. The value of the bale depends upon the skill of the wool baler on the sheep ranch. It also depends upon the breed, the ancestry, and the food of the sheep, which affect the length, fineness, and strength of the fiber. The character of the soil in different localities gives the raw wool a varying proportion of dirt; the heat of the climate and the variations of the seasons give it a varying percentage of grease, a drought and accompanying shortage of food reduce the physical condition of the sheep and make a weak place in the fiber. The wool buyer needs to consider all these factors in purchasing. He must, therefore, see and feel the wool before buying, and a mistake in judgment may cause large financial loss. The wool buyer is a highly paid expert, and it has always been profitable for the

wool manufacturers of the United States, England, and the Continent to secure a large share of Australian wool (the highest grade of wool) at the London wool auctions, where inspection is easier than in Australia.

The tea trade shows a similar situation. The crop from a single plantation may have a dozen different grades. The next plantation can produce yet another dozen different grades, and there are altogether hundreds of kinds offered at a single London tea auction. A few years ago an attempt was made in London to sell tea on grade, like wheat. Arbitrators were appointed and a schedule was made out, providing an elaborate scale of discounts and premiums. A merchant bought a certain grade of tea at, say, ten pence per pound, but upon delivery the London graders reported it as so many points above or below that grade, and the merchant had accordingly to pay so much per point more or less than the bargain price. As each merchant had usually established a reputation for selling certain kinds of tea, the grading system often gave them stocks they could not use. Hence the system failed and London again has tea auctions, as well as wool auctions, but they have lost much of their importance, the establishment of direct connections having taken away a large share of the international distributing trade, although the variation in tea and the auction have delayed the process.

Ivory is likewise of uncertain value. The age of the animal, the size, and the previous treatment of the tusk are important factors, and an almost imperceptible fracture may nearly ruin an otherwise perfect piece. Ivory is therefore sold by auction. The greatest market is Antwerp, the greatest supply coming from the Congo region.

Commodities requiring inspection are not necessarily sold at auction. Private sales may give as firm a hold on international trade, once a city becomes the recognized place at which to buy and sell certain commodities. The entrepôt has a prop in that peculiar and conservative force—the drawing power of a "market." The drawing influence of a great market in attracting commodities to its sales often causes a roundabout move-

ment of goods which appears to be entirely unnecessary. Some cities are handling large quantities of goods which might now be handled to better advantage and with less labor elsewhere. The "market" often holds its trade in this day of direct connections, largely because it has the trade established. "Bremen is the market for hogshead tobacco, and everybody buys here." Hamburg has quite as good or better steamship connections and decidedly better interior transportation, but Bremen holds the tobacco market and the cotton market, although Bremen cotton firms have tried to open branches in Hamburg, with the idea that they might eventually move to that city. The Hamburg branches failed just as have the efforts of London wool brokers to sell Australian wools (fine wools) at Liverpool auctions. In the same way the Liverpool brokers have failed to sell carpet wools (coarse wools) at London auctions. The cause of these failures may be ascribed to the price-setting function of the established auction or market. In each of the above cases the goods offered in the unusual places were offered at reasonable or even very favorable rates, but the buyers made unreasonably low bids, and later they often paid more for the same goods at the established place. At the unusual place the buyer thinks that he *might* get a better article or more favorable price at the regular market with its larger stocks, so he bids cautiously. In the regular market he knows that here all sellers are bidding for his trade, and he buys.

It appears that Bremen's development began with the establishment of a line of emigrant ships to the United States in 1827. At that time tobacco was almost the only return freight, and Bremen became the greatest European tobacco market. Later came cotton, rice, grain, and petroleum, and its importance in the rice, cotton and tobacco trades continues till the present.

The influence of a market also changes the routes of goods that are not to be sold there, but are shipped to their ultimate destination by a route that makes it possible to sell them *en route* at some intermediate market if prices there should rise. Thus wool is shipped on a through bill of lading from

Australia to Boston via London or Liverpool with the option of being sold in London if the market is favorable. Hides from Brazil and other South American countries are sent to Liverpool and thence to New York. They would probably go direct but for the advantage of having two markets open to them. Large quantities of African palm oil and palm kernels are forwarded from Liverpool to Antwerp and Hamburg. They might have been shipped direct to these ports, but for the attraction offered by the possibilities of favorable sale in the Liverpool market where there is constant speculation in these commodities.

The three cases mentioned above are illustrative of roundabout transactions that are continually taking place in both international and domestic trade. They occur as a result of price variations due in great measure to speculation which renders the future price so uncertain and makes such difference in different markets that the successful merchant must keep himself in a position to take advantage of as many markets as possible.

This speculation and price fluctuation affect the manufacturer in his purchases of raw materials no less than the merchant who sells such commodities. This is particularly true of industries in which the cost of raw material bears a high ratio to the value of the finished article, as is the case in the woolen industry. Here mistakes in buying may mean ruin. The manufacturers of the United States and the continent of Europe may be able to pay for their year's supply of Australian wool and buy it in the short season that it is on the market in Australian ports, but it is a risky proceeding, as many American manufacturers found a few years ago when their stocks of raw material declined 50 per cent. in value before they could be used. In that particular year it would have been much more profitable to buy in smaller quantities in London, and that particular case shows one of the strong reasons for the continuance of the London wool trade. It acts as a minimizer of risks to the manufacturer who thus avails himself of the capital of the great commercial centers.

The capital of the entrepôt thus serves as a prop to main-

tain its hold upon trade that might, so far as mere transportation connections are concerned, go direct from producer to consumer.

The business of the international distributing center therefore increases or decreases with changes in the financial soundness and available capital of the trading countries. The merchants of the great center, by having a stock of goods, may, in a sense, serve as the bankers for the traders of countries where capital is less plentiful, and as it becomes more plentiful in the various countries, there is less need for and dependence upon the center. The German or Belgian manufacturers may not have the capital to invest in raw materials that must be purchased in South America or Asia in large quantities and weeks in advance, even if such purchases are desirable. While steamship connections make possible such a trade, it may suit the manufacturer better to buy in London or Liverpool in small quantities and have delivery within a week. A few years ago many German woolen mills had established a direct import trade in Argentine wools, and to the detriment of the British merchants who had previously supplied them. Financial difficulties in Germany brought failure to a number of German mills and diminished capital to some and reduced credit to others. The direct purchases in South America had to be discontinued and a larger share of the wool supply again came through London and Liverpool. This case is an exceptional one in a time when the general tendency is toward the increasing financial independence that fosters direct trade, but it serves as a forcible illustration of the influence of abundant capital on the entrepôt trade.

The history of the Liverpool cotton market illustrates this general tendency. Three or four decades ago two-thirds of the American crop went to that city, two million bales were often carried in stock, and the world price was fixed in Liverpool. As the American dealers could not afford to store and hold it they exported it as rapidly as possible and in a few months the whole crop was disposed of. The continental buyer could not afford to send to America for it, but took advantage of British capital by buying in Liverpool. But capital has become more

abundant in the regions of cotton production and cotton consumption, and there has been a corresponding decline in the international importance of the Liverpool cotton market. American mills consume a larger share of the annual crop. American capitalists are able to hold the raw product, and American speculation and American consumption set the world price. In many cases the cotton-spinners of the continent buy directly from America, while Bremen, Havre, and Antwerp are rival markets with Liverpool. Some hasty purchases or small purchases are made in Liverpool, but the relative importance of that city has declined: instead of importing two-thirds of the American crop her dealers now handle but one-third, and instead of two million they now carry only one million bales in stock.

Despite these restraining influences the day of the world entrepôt has passed and its place is being taken by an ever-increasing number, so that we now have a score that are as large as was Amsterdam in her distributing prime and which handle as much trade as she did in that day. But the fact remains that of the many thousands of towns and cities upon the face of the globe, all but this favored score connect with the great arteries of commerce through some entrepôt.

New entrepôts are springing up all the time, but they come in response to economic law, not legislative statute or personal or national whim. If these laws had been better understood we should have been spared the spectacle of the American people going off into heights of enthusiasm and depths of national expenditure because they thought that Manila, the capital of the new island possessions in the East, was going to become the commercial door to Asia, the entrepôt of the Orient. Manila is not, and under any feasible conditions of commerce cannot be, an entrepôt for Asiatic trade. To begin with, its location makes this impossible. It bears almost exactly the same geographical relation to the mainland of Asia that Havana does to the mainland of North America. To make the comparison entirely fair, we should have to move Havana out to the eastern end of Cuba. No one ever supposed that Havana could give

England, Germany, France, or Spain a fine base from which to capture and control the trade of North America.

If ever an island off a coast was placed to command the trade between two continents, that island bears a Japanese name. Every steamship line that reaches across the Pacific from America passes Japan and stops at her ports, both going and coming. But Japan does not control the commerce of America with Asia, for the very simple reason that the ships with American freights go on past Japan to Asia as the English ships go on past Havana into the Gulf of Mexico. The commercial entrepôt is not backing away from the continents and getting out into the ocean. It is getting as near to the heart of continents as it can go.

To make Asiatic entrepôt matters worse for Manila, she is the most distant port of Asia except Singapore. Some of the lines from America have added Manila to their list of ports, but it is the end port of the voyage, which naturally takes the ship first to Yokohama, next to Shanghai, then to Hong Kong, and finally to Manila. Sometimes the ships go direct from Japan to Manila, then return, calling at Chinese ports *en route*, but while at Manila Chinese cargo rests securely in their holds, as does Mexican cargo in the English steamer calling at Havana on the way out.

As to Manila handling the trade of Europe with Asia, it is an exact parallel to the claims of Japan upon the trade of America with Asia, except that Manila is somewhat off the European route, while Japan is on the American. Manila is the metropolis and natural entrepôt of the Philippine Islands. It can be to them what Copenhagen is to the scattered isles of Denmark, what Honolulu is to the Hawaiian group, what Havana is to Cuba—the place where their products will be assembled, the place where great ships will unload cargo for distribution by smaller vessels to five hundred smaller ports, roadsteads, and wharves. As the Philippines prosper, Manila will prosper.

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